



United Community  
Housing Coalition

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January 25, 2012

Rep. Jud Gilbert, Chair  
Tax Policy  
Standing Committee Meeting  
519 House Office Building  
Lansing, MI

Re: TESTIMONY RE: HB 5178  
Before the Tax Policy Committee Scheduled for:  
Wednesday, January 25, 2012 at 10:00AM

Dear Chair Gilbert:

We support HB 5178 which amends Michigan's property tax statute to address a major obstacle to obtaining tax exemptions for otherwise eligible impoverished taxpayers seeking poverty exemptions. The proposed change eliminates the requirement that destitute taxpayers without taxable incomes, nonetheless attached a copy of a filed tax return to their applications for exemptions. The problem is that homeowners cannot file such applications electronically because the IRS electronic filing system will not accept them. Mailing handwritten returns which are not required is a meaningless action which merely clogs the IRS bureaucracy for no reason, to the detriment of other tax payers awaiting review of their returns.

We annually assist hundreds of homeowners in Wayne County with poverty property tax exemption applications. This is an extremely important part of our foreclosure prevention program, operated jointly with Michigan Legal Services, which enables low-income families to climb out of tax debt when they are able to qualify for current tax exemptions while making payment plans to retire delinquent tax arrearages to avoid foreclosure.

Since the statute currently requires all applicants to submit federal and state returns for all household members in the principle residence for the current or immediately preceding year, this requirement presents an obstacle which many families cannot overcome when they are not able to file returns which are not required.

As a result, these families are denied access to exemptions to which they are entitled which pushes them further into foreclosure for taxes which they should not be required to pay.

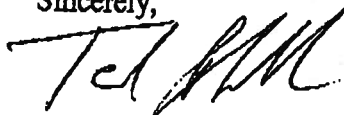
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With thousands of homeowners in tax foreclosure annually for taxes which many would not have owed had they applied for exemptions, it is critical that this amendment to the statute be enacted to take effect immediately. It is also important to recognize that this correction will most help seniors and persons with disabilities supported by SSI, SS or SSDIB who are generally not required to file tax returns for these sources of income.

The proposed amendment presents a simple solution which merely requires the eligible household to submit form affidavits for persons who are not required to file federal or state income tax returns, which forms will be drafted and approved by the Tax Commission. This should address the problem and enable eligible households to obtain their exemptions.

Sincerely,



Ted Phillips  
Executive Director  
Attorney